

P R E S S R E L E A S E

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GREAT ACCEPTANCE OF CONVENTION CENTER DISTRICT AUTHORITY BOND ISSUE

The chairman of the Board of Director and acting president of the Government Development Bank for Puerto Rico (GDB), together with executive director to the Convention Center District Authority (CCDA), Manuel Sánchez-Biscombe, announced today that the CCDA successfully sold \$469 million in bonds in the U.S. tax-exempt market at a favorable interest rate. The issue had a great acceptance among investors.

“We are very pleased to have sold this bond issue in the tax-exempt market and that it was well received by investors due to the BBB+ rating with stable outlook that Standard & Poor’s assigned to it, and the guarantee provided by the hotel occupancy tax (HOT) that will be used to repay the bonds, providing bond buyers greater protection,” explained GDB’s Financing executive director, Jorge Irizarry. The hotel occupancy tax, which generated \$53 million in 2005 with a total of 2.1 million rooms sold, is collected directly by the Tourism Company and deposited each month in a revolving fund in GDB.

“The sustained growth and strong outlook reflected by the tourism industry during the past 10 years allowed this issue to receive attractive support by the major insurance companies, enabling most of the issue to be sold insured,” Mr. Irizarry added. The three companies providing insurance for part of the transaction were AMBAC, FGIC and CIFG.

Market conditions was another factor that positively influenced demand for the bonds, he added. In this regard, Irizarry explained that the general scarcity of municipal bonds this year, and the fact that yesterday there was little offerings in the market, contributed to the favorable interest rates accorded the issue. The issue was oversubscribed 2.5 times and had a demand of \$71 million in bonds in the retail market the day before.

“It is thanks to the success we have had in the Convention Center that contributes to the growth and stability of the Island’s tourist industry that we have received an excellent rating and investors’ confidence in these bonds,” said Manuel Sánchez-Biscombe, CCDA executive director.

According to Mr. Sánchez-Biscombe, the new Convention Center, in just three months after its opening, has exceeded all expectations, with 369 registered events. More than 1.3 million people have visited this wonderful architectural center, and approximately 80 events, including seminars, conventions and exhibitions, have been held there.

The CCDA executive director added that with the opening of the Convention Center, and work progressing on the district development, we will have a dynamic and visually attractive meeting place where visitors and tourists, as well as locals, will be able to enjoy an array of facilities, including entertainment, commercial establishments, residences and hotels. The complex is estimated to generate more than \$300 million a year in economic activity, as well as create more that 2,000 direct jobs and 6,000 indirect jobs.

The bond issue was placed at interest rates ranging from 3.65% for the shortest maturity date (2007) to 4.65% for the longest maturity (2036). An all in TIC of 4.81% was achieved. The transaction was managed by Lehman Brothers with Santander Security. The bonds also received a Baa2 rating from Moody’s Investors Service.

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